



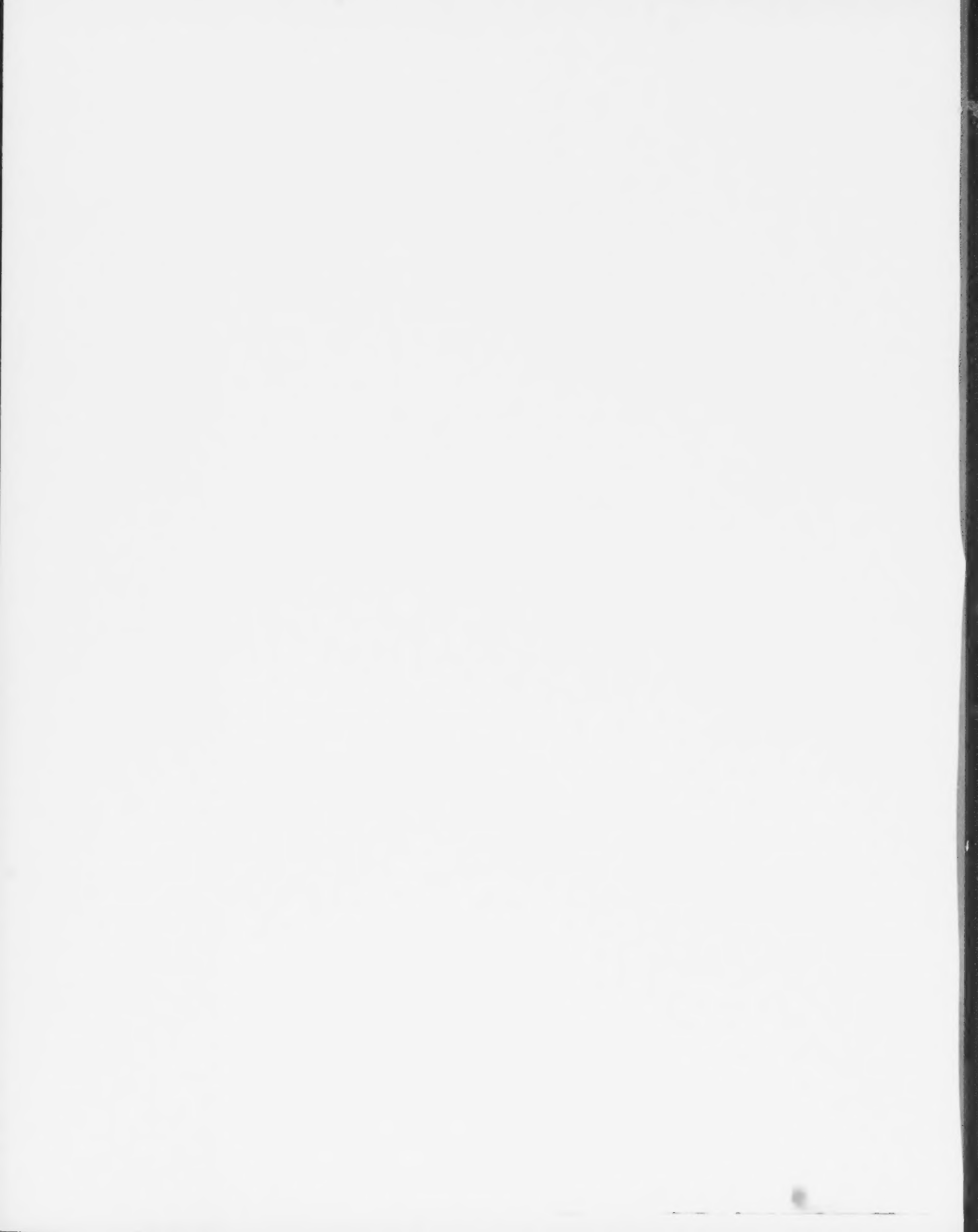
WCB
Workers Compensation
Board of Manitoba

2010 Annual Report



**SAFE
WORK**

SPOT THE HAZARD
ASSESS THE RISK
FIND A SAFER WAY
EVERYDAY



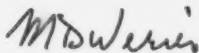
Letter to the Minister

The Honourable Jennifer Howard
Minister Responsible for *The Workers Compensation Act*
Room 317, Legislative Building
Winnipeg, Manitoba
R3C 0V8

Dear Minister:

We are pleased to present our 2010 Annual Report in accordance with the provisions of *The Workers Compensation Act*. This report covers the 12-month period from January 1, 2010, to December 31, 2010. It includes the statements of accounts required to be kept under the Act.

Respectfully submitted,



Michael D. Werier
Chairperson



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To learn about the WCB's future plans, please refer to the 2011-2015 Five Year Plan at www.wcb.mb.ca.



About the WCB

The Workers Compensation Board of Manitoba (WCB) is a mutual workplace injury and disability insurance agency funded by employer premiums. With a mandate to prevent workplace injuries and illnesses, the WCB is committed to building a culture of health and safety throughout Manitoba.

Staff

The WCB workforce is made up of approximately 500 people, all dedicated to providing excellent service to Manitoba workers and employers. The organization's people represent a diverse cross-section of Manitoba's cultural landscape. To help staff develop their skills and abilities, the WCB offers a wide range of professional development opportunities.

Services and Benefits

The WCB is here to help Manitoba workers and employers prevent workplace illnesses and injuries from occurring. To achieve this goal, the organization has partnered with

the Government of Manitoba's Workplace Safety and Health Division to strengthen the province's safety culture.

If people are hurt or become ill as a result of their work, the WCB is here to help, offering a wide range of benefits to assist injured workers in returning to health and meaningful work as soon as safely possible. Some of the benefits offered include:

- replacement of lost income
- healthcare treatments and payment of medication costs
- employment retraining
- lump sum payments for permanent impairments
- benefits to partners and children in the event of a workplace fatality.

Vision, Mission and Values



Vision

SAFE Work – A Way of Life

Mission

Working with its partners, the Workers Compensation Board of Manitoba promotes safe and healthy workplaces, promotes recovery and return to work, provides compassionate and supportive compensation services for workers and employers, and ensures responsible financial stewardship.

Values

We are committed to being a safe workplace that:

- operates with fairness, integrity and respect
- provides services that are fast, easy, caring, right and clear
- strives for excellence
- manages our resources efficiently and effectively
- operates in an open and transparent manner
- is accountable to the public and our partners
- develops our staff and provides a supportive, innovative and creative environment
- meets the diverse needs of our clients in a comfortable and welcoming way
- provides a respectful and diverse workplace reflective of Manitoba
- works collaboratively with our partners
- is a valued member of the community.

Message from the Chairperson

The Board of Directors establishes the WCB's strategic direction, approves the policies that guide the organization, and monitors the progress that the organization makes towards reaching its strategic goals. The work of the Board benefits from experienced and diverse representation of the interests of employers, workers and the public interest.



The Board's priorities, namely preventing workplace injuries, maintaining a strong service culture, supporting effective, safe and timely return to meaningful work, and ensuring fiscal responsibility, continue to be reflected in the framework of the WCB's strategic planning and reporting cycles.

The Board was pleased with the significant progress that was made in its priority areas in 2010. As noted throughout this Annual Report, we achieved positive financial results as well as success in our prevention, service and recovery goals.

The Board responded to its stakeholders in a number of important areas. The announced opening of a new WCB location in Brandon, Manitoba, in early 2012, will serve workers and employers located in Brandon and surrounding areas and enhance service to all Manitobans.

In response to identified concerns, the WCB also launched a two stage consultation on a proposed policy on Opioid management. Following the consultation, the policy will be completed and implemented in 2011.

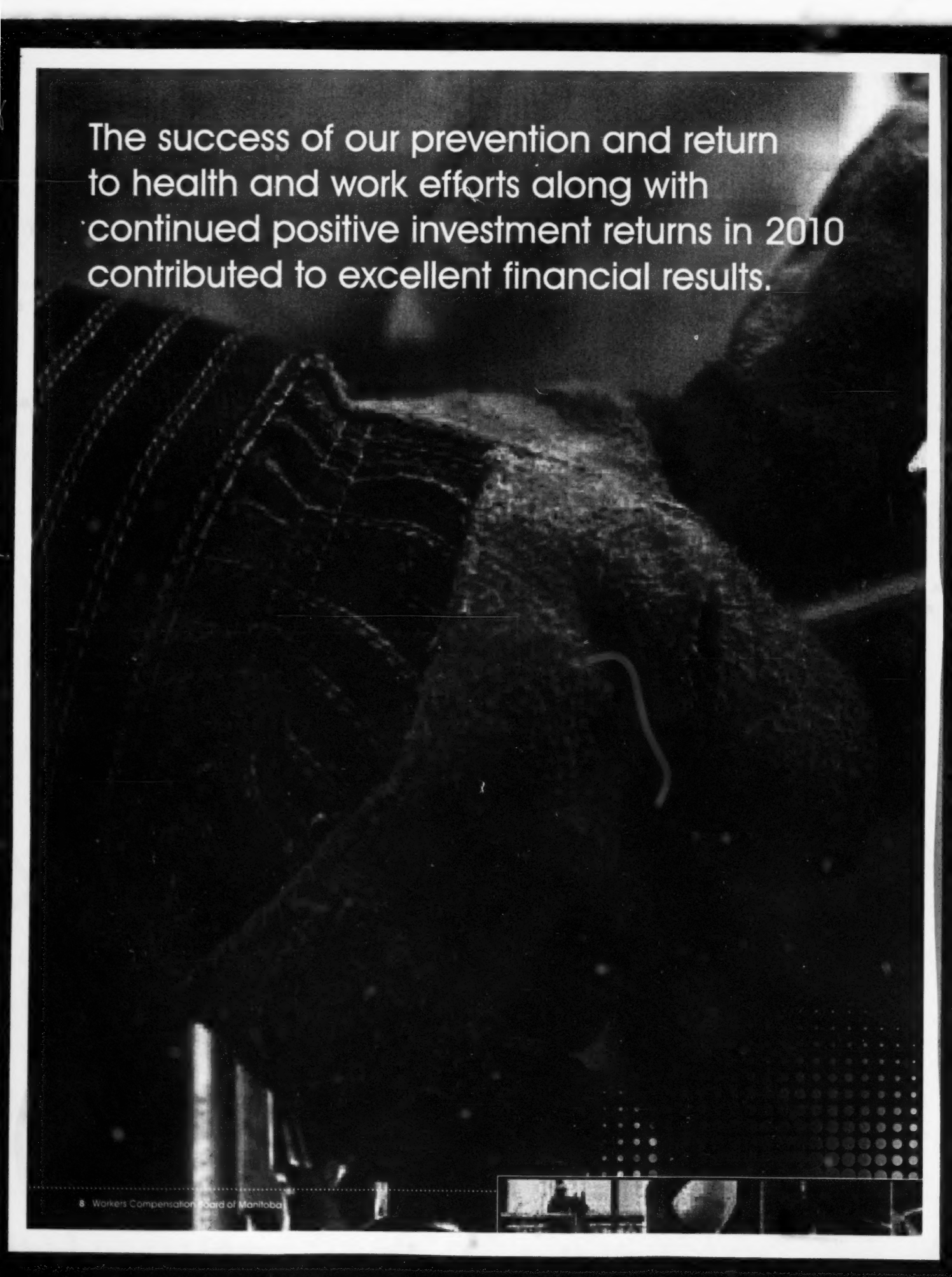
Finally, the Board is committed to strong governance. In 2010, the Board's governance activities included strengthening its committees with additional members. This will provide additional specific expertise going forward in such areas as investments and accounting. An external member was added to the Audit Committee, while the Board is recruiting two additional external members for the Investment and Finance Committee.

I would like to acknowledge and thank our dedicated Board members for their active participation in guiding the organization.

On behalf of my colleagues, I thank all of the staff for their hard work in 2010 in support of the Board's vision of SAFE Work – A Way of Life.

A handwritten signature in dark ink, reading "M. Werier". The signature is stylized with a large, looped 'M' and a cursive 'Werier'.

Michael D. Werier
Chairperson



The success of our prevention and return
to health and work efforts along with
continued positive investment returns in 2010
contributed to excellent financial results.

Message from the President and CEO

I am pleased to be able to report important progress on the WCB's key priorities in 2010.

Our dedicated team of professionals at the WCB has recorded another year of continuous improvement in core services to our key stakeholders, workers and employers. Their success ranges from an all time high in the timeliness of payments to injured workers to important improvements in our electronic service delivery mechanisms for employers.



Preventing workplace injuries and illnesses is one of the most important activities the WCB engages in to improve the lives of Manitoba workers, their families and employers. The WCB's vision, SAFE Work – A Way of Life, reflects the importance of prevention and guides the work done to make workplaces safer and healthier. In 2010, the WCB witnessed a decrease in the time loss injury rate from 3.5 to an estimated 3.3 time loss injuries per 100 full time workers - another all time low for Manitoba. This success was the result of successful prevention efforts by the WCB, its partners, and the workers and employers of Manitoba.

The duration of time loss claims has decreased as a result of employers' and workers' focused efforts to help ensure workers return to health and meaningful work as soon as they can safely do so. Return to work programs minimize the impact of an injury, promote recovery and manage associated costs while benefiting both workers and employers.

The success of our prevention and return to health and work efforts along with continued positive investment returns in 2010 contributed to excellent financial results. This enabled the WCB to announce a 6.25 per cent reduction in the average assessment rate from \$1.60 per \$100 of payroll to \$1.50.

We were also pleased to announce the opening of a new WCB location in Brandon, Manitoba, in 2012. The new office will serve workers and employers in Brandon and surrounding areas and will provide initial adjudication of claims and case management functions. It will also offer a range of services such as healthcare examinations, vocational rehabilitation, SAFE Work and assessment services.

In 2010, the WCB continued to support stakeholders and staff by introducing additional technology to improve our processes and ultimately, our service. The new, electronic-based system in our assessment services area will increase efficiency, enhance the level of customer service provided and create a foundation for future online services.

As a valued member of the community, we continued to support diversity initiatives and to re-affirm our commitment to making an ongoing, positive contribution to the province.

As I look back on 2010, I am proud of the dedication and commitment of WCB staff and look forward to continuing to provide Manitoba workers and employers with quality, timely and compassionate service.

A handwritten signature in dark ink, appearing to read 'Doug Sexsmith'.

Doug Sexsmith
President and CEO

Board of Directors and Board Committees

By statute, the Board of Directors consists of 10 members appointed by the Government of Manitoba after consultation with employers, labour and the public. The tripartite representation includes a neutral Board Chairperson, three representatives of workers, three representatives of employers, and three representatives of the public interest. The Chief Executive Officer is a non-voting member of the Board of Directors.

As stewards of the compensation system, the Board of Directors plans for its future. The Board sets the WCB's strategic direction, makes policies about compensation, rehabilitation, assessment and investment of the funds within the investment portfolio, and monitors progress in these areas.

Board of Directors

Michael Werier	Chairperson
Robert Dewar	Worker Representative
Rob Labossiere	Worker Representative
Wendy Sol	Worker Representative
Paul Challoner	Employer Representative
Ron Hambley	Employer Representative
Jane MacKay	Employer Representative
Carla Kematch	Public Interest Representative
Ken Sutherland	Public Interest Representative
Ilana Warner	Public Interest Representative
Doug Sexsmith	Chief Executive Officer (non-voting member)

Policy, Planning, Governance and Service Committee

The Policy, Planning, Governance and Service Committee reviews and recommends changes to existing policy, initiates new policy through consultation with stakeholders, oversees strategic planning and governance, monitors service improvements and human resource activities, reviews injury prevention initiatives, and recommends approval of funding under the WCB's Research and Workplace Innovation Program.

Jane MacKay	Committee Chairperson and Employer Representative
Ilana Warner	Public Interest Representative
Robert Dewar	Worker Representative
Michael Werier	Chairperson
Doug Sexsmith	Chief Executive Officer (non-voting member)



Board of Directors

Standing (left to right): Wendy Sol, Paul Challoner, Ron Hambley, Rob Labossiere, Robert Dewar, Ken Sutherland, Jane MacKay, Ilana Warner
Sitting (left to right): Michael Werier, Doug Sexsmith
Absent: Carla Kematch

Investment and Finance Committee

The Investment and Finance Committee develops policies for the prudent investment of the WCB's investment portfolio, regularly reviews and advises the Board of Directors about the status of the WCB's investments and makes recommendations to the Board of Directors about the engagement of appropriate investment managers. The Committee is responsible for overseeing the WCB's financial position, including the annual budget, assessment rates, financial projections, and related accounting and financial policies. As well, the Committee monitors the performance of the WCB's employee pension plan and reviews and approves contracts of significant value.

Paul Challoner	Committee Chairperson and Employer Representative
Ken Sutherland	Public Interest Representative
Rob Labossiere	Worker Representative
Bob Darling	External Investment Member
Michael Werier	Chairperson
Doug Sexsmith	Chief Executive Officer (non-voting member)

Audit Committee

The Audit Committee assists the Board in fulfilling its oversight responsibilities and reviews and advises the Board of Directors about the annual report and audited financial statements. The Committee also reviews risk management systems, meets with external and internal auditors, approves internal audit activities and makes recommendations to the Board about the WCB's internal control procedures, standards of conduct, and conflict of interest guidelines.

Ron Hambley	Committee Chairperson and Employer Representative
Wendy Sol	Worker Representative
Carla Kematch	Public Interest Representative
Donald Sobkow	External Audit Member
Michael Werier	Chairperson
Doug Sexsmith	Chief Executive Officer (non-voting member)



Executive Team

(left to right): **Alice Sayant**, Vice President, Prevention, Assessments and Customer Service; **Lorena Trann**, Chief Financial Officer; **Robert Campbell**, Vice President, Human Resources, Information Technology and Administrative Services; **Doug Sexsmith**, President and Chief Executive Officer; **Stu Charles**, Chief Information Officer; **David Scott**, Vice President, Rehabilitation and Compensation Services; **Warren Preece**, Director, Communications; **Lori Ferguson Sain**, General Counsel and Corporate Secretary.





WCB Themes

There are four themes that provide a framework for how the WCB conducts business and organizes activities to meet the needs of stakeholders:

Prevention

Preventing Injuries and Illnesses Through Promotion, Protection and Education

Recovery

Returning Workers to Health and Work

Service

Continuously Improving Services

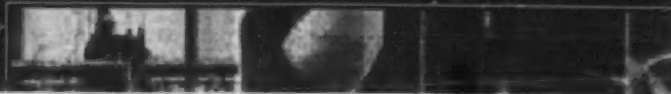
Stewardship

Effectively Managing Human, Technological and Financial Resources



Prevention

- Preventing workplace injuries and illnesses is one of the most important activities the WCB engages in to improve the lives of Manitoba workers, their families and employers. The WCB's vision, SAFE Work – A Way of Life, reflects the importance of prevention and guides the work done to make workplaces safer and healthier.



Time Loss Injury Rate Decreases

In the past year, the WCB and its partners continued the trend of achieving a reduction in the time loss injury rate, as it decreased from 3.5 to an estimated 3.3 per 100 full time workers. The WCB will continue to work with its partners to promote the belief that all workplace injuries are preventable and to reduce the number of on-the-job injuries.

SAFE Work – A Way of Life

The WCB, in partnership with the Manitoba Government's Workplace Safety and Health Division, launched the "Creepaway Camp" campaign in 2010. Targeting workers between the ages of 15 and 24, it focused on the third part of the SAFE Work model: "Find a Safer Way". Messaging included webisodes at www.safemanitoba.com where youth were challenged to "Find A Safer Way (if you can)". Those who engage in the webisodes are less likely to believe workplace injuries are inevitable and are more likely to speak to their supervisors about safety.

In the summer, the WCB launched another media campaign. This one promoted the prevention of falls from heights and featured the message "Tie One On" which encouraged roofers to ensure they use fall protection procedures.

Towards the end of 2010, the WCB launched a third campaign, "The SAFE Work Debate", which put the question "are all workplace injuries preventable?" at the forefront. Many Manitobans joined the debate by visiting the website and casting a vote.

Building a Culture of Safety and Health

The WCB and its partners are leading the way in workplace safety and health innovation. An example of this successful strategy is www.safemanitoba.com, a popular online safety resource. In 2010, the WCB developed a number of new features on the site, including Hazard Alerts, a SAFE Farms page, the Safety Check e-newsletter and customizable injury graph tools. All of these site improvements, combined with the youth campaign, resulted in visitors spending more time on the site and downloading more SAFE Work materials.

The WCB's partnerships continued to flourish in 2010, including SAFE Roads, the SAFE on Site internship program and the SAFE Momentum campaign with Manitoba chiropractors. As well, the WCB played a major role in the North American Occupational Safety and Health awards celebrating workplaces' commitment to prevention.

Promoting SAFE Work in Manitoba Workplaces

The WCB recognizes it is important for employers to understand how preventing workplace injuries, along with assisting workers to return to health and work after an injury, will ultimately lead to lower assessment rates.

In 2010, the WCB evaluated the three-year Construction Health and Safety Pilot Incentive Program. Started in 2007, the program includes a five percent reduction in WCB assessment rates for construction firms that earn COR (Certificate of Recognition) certification and meet certain other criteria. COR certification is provided by the Manitoba Heavy Construction Association Work Safely Program and the Construction Safety Association of Manitoba. The evaluation of the pilot was positive and, as a result, the incentive program will become permanent and be enhanced by doubling the first year discount to 10 per cent.

Also in 2010, the WCB commissioned an independent review of the prevention infrastructure in Manitoba. The report provided analysis and recommendations on how to strengthen injury prevention in Manitoba and will guide the WCB's future efforts.

The WCB's *Partners in Prevention* program provides consulting services to workplaces. The SAFE Work Services team assists businesses in improving their safety and health and return to work programs, reducing the business cost of injuries, and ultimately reducing their WCB premiums – with the goal of reducing the impact of workplace injuries. Since launching the program in 2009, the team has made significant progress in this area by providing in-depth consultation to many Manitoba employers in a variety of industry sectors.

In 2010, SAFE Work Services developed a new workshop, *Injury Prevention Basics*, and delivered a pilot. It will educate employers on basic workplace injury prevention. The team also continued the WCB Basics workshop – which provides insight into how to work with the WCB and covers such topics as claims management, dispute resolution and assessments – and the Return to Work Basics workshop, which educates workplaces on the benefits of returning injured workers to safe and productive work.

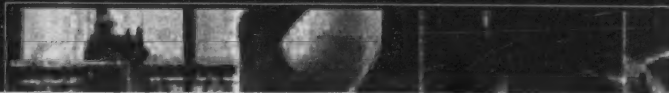
Research and Workplace Innovation Program

The Research and Workplace Innovation Program (RWIP) provides an avenue for the WCB's community partners to help reduce the pain and suffering of Manitoba's injured workers and their families. The RWIP provides up to \$1 million annually, supporting research and workplace innovation activities that help keep Manitobans safe at work, or recover and return to meaningful work as soon as it's safe to do so if they are injured on the job.



Recovery

- When a worker suffers a workplace injury or illness, the WCB is here to help. Effective return to work helps make recovery faster and more complete, which is why the WCB is committed to helping injured workers get back to health and meaningful work as soon as safely possible.



Return to Health and Work

One of the WCB's key priorities is actively assisting workers to return to health and meaningful work as soon as safely possible. Each year, the organization's dedicated staff support thousands of workers through their recovery periods, helping them to return to meaningful work and become productive members of their workplace following workplace injuries and illnesses. In 2010, the WCB's recovery strategy included a number of initiatives aimed at ensuring the organization is doing everything in its power to support workers and employers in an effective and safe return to meaningful work.

The WCB continues to take a proactive role in promoting activity as a vital component of a better recovery. As part of its approach to early intervention, the organization evaluated and expanded the back care pilot program for injured workers in selected industry sectors, featuring a self-administered questionnaire and back care booklet. The program emphasizes the importance of staying active and that activity contributes to a quicker recovery. The WCB confirmed the effectiveness of the program and is expanding it to include other industry sectors.

Also in 2010, the WCB developed and piloted a new Case Management Statistical Framework. The framework provides sector managers in Case Management with a tool to oversee all aspects of claims management in their areas. Case Management planning was further strengthened in 2010 through additional training and quality assurance.

Healthcare Delivery

In order to widen its healthcare options, the WCB sought out alternative methods of delivering healthcare services in a timely manner. In 2010, the Healthcare Services department continued to explore opportunities to expand on the provision of internal healthcare service options for injured workers. This included placing physiotherapists on Case Management teams to provide ongoing consultation on medical and return to work issues. Physiotherapists have successfully been involved in the assessment and rating of Permanent Partial Impairment (PPI) awards.

In 2010, the WCB began developing a new policy on Opioid management and sought feedback from experts in the community and began consultations with stakeholders. The policy will be completed in 2011 and, based on the consultation results, will provide guidelines regarding the authorization and payment of narcotic medication for injured workers and provide procedures on how to assist injured workers dealing with addictions issues as a result of their prescription medication use. The overall goal of the policy is to reduce the number of workers who experience negative side effects, including addiction, related to prescription narcotics use through more comprehensive oversight and monitoring.

Outreach Activities

Outreach played a key role in educating staff about recovery issues. In 2010, the WCB encouraged staff to pursue disability management certification and WCB healthcare consultants delivered presentations at the university level to share expertise with the healthcare community and educate those entering the field of medicine and physiotherapy.

The WCB partnered with Manitoba Public Insurance in an orientation to insurance medicine session for new physiotherapy graduates. A speaker specializing in chiropractic care was also sponsored in 2010. The talk, relating to the treatment of cervical spine injuries, was offered to both the healthcare community and to Case Managers.

Focus on Quality

In 2010, additional training was provided to staff regarding soliciting internal medical opinions. Quality assurance processes were also put in place to ensure that high quality medical opinions were being solicited and provided.

Also in 2010, the WCB's quality assurance program conducted over 1,000 quality assurance reviews of claims of four and eight months duration to determine the quality of services provided in assisting injured workers to return to health and work. In addition, targeted reviews were conducted to assess specialized services provided to the most severely injured workers, the adjudication of hearing loss claims and cost relief processes for employers.



Service

Providing superior service, both internally and externally, is at the root of all that the WCB does. Whether it's assisting workers or employers, the WCB is committed to living its value of providing service that is fast, easy, caring, right and clear.

New Brandon Location

Following a consultation with stakeholders, the WCB announced that it will be opening a new location in Brandon, Manitoba, in early 2012. This office will serve workers and employers located in Brandon and surrounding areas.

The Brandon office is planned to provide initial adjudication of claims and case management functions. In addition, it will offer a range of services such as healthcare examinations, vocational rehabilitation and SAFE Work services as well as some assessment services. Currently, customers travel to Winnipeg for these services or Winnipeg staff travel to Brandon. The WCB currently has two offices, a head office in Winnipeg and a small satellite office in Thompson that provides initial adjudication of claims and case management services.

Improving Service to Injured Workers

In 2010, the WCB continued to improve on its commitment to provide benefits to injured workers as quickly and accurately as possible. The WCB has a long term target of paying 70 per cent of traumatic time loss claims within 14 days of the injury occurring. In 2010, the WCB set a new record for providing service to injured workers, as 65.9 per cent of traumatic time loss claims were paid within 14 days. In addition, as required by legislation, the WCB worked with an external auditor to begin an audit of the Short Term Claims area, which generally manages claims of eight weeks or less duration. The objective of this audit is to measure the cost, efficiency and effectiveness of the area's initial adjudication functions. The WCB is looking forward to any recommendations the auditor may make for improvements in this area.

Improving Service to Employers

In 2010, the WCB launched a modern, electronic-based system that will change the way in which the organization serves employers. The system increases efficiency, enhances the level of service provided by Assessment Services, and creates a foundation for future online services.

Also in 2010, the WCB began marketing optional coverage to employers in industry sectors not requiring workers compensation coverage by legislation. Optional WCB coverage provides employers in these industries with protection from lawsuits arising from work-related injuries and illnesses while providing their workers with important support and benefits after a workplace injury.

The past year also saw the launch of the monthly WCB e-newsletter, which provides regular electronic updates and items of interest to over 1800 employers and WCB

stakeholders. Implementing electronic media has allowed the WCB to provide timely information and further enhance communication with these groups.

Addressing Language, Culture and Literacy

To enhance accessibility and service to all customers, the WCB continued work on addressing the language, culture and literacy needs of its clients in 2010. Following a consultation with workers, employers and the community, several recommendations were implemented, including developing various communication materials – such as posters and fact sheets – in priority languages and using third party translation to ensure stakeholders with language and other barriers understand the WCB's services.

The WCB also strengthened its French language services with the addition of French language case managers and increased French communications materials.

Occupational Disease Unit Enhancements

Occupational diseases continue to emerge as a priority for the WCB. In 2010, staff were added to the Occupational Disease Unit, training and reference materials were enhanced and new areas of focused training (hearing loss, inhalation and decision-making principles) were implemented. The WCB also implemented an enhanced process to support workers and their families on fatality claims and increased coordination with the Government of Manitoba's Workplace Safety and Health Division on investigating individual workplace exposures. The WCB will continue to take steps to remain up to date in this area of emerging workplace issues.

Service Quality

In 2010, the WCB undertook a number of initiatives to enhance service quality, including making significant changes to its customer service surveys, which are used to assess service quality and workers' and employers' satisfaction. A semi-annual active case survey was revised to allow for more precise feedback from injured workers, while employer feedback surveys were updated to allow employers to complete them online.

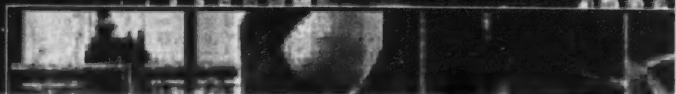
Service Culture

In 2010, the WCB's Service Culture Committee developed a plan for a revitalized service culture for 2011 and onward. Service leadership workshops were delivered by internal leaders and an annual Service Excellence Day was held to celebrate service accomplishments and the work of all staff in providing internal and external service. To continue its focus on internal service, a customer satisfaction survey of the Administration Services department was conducted and service improvements have been planned as a result.



Stewardship

- The WCB provides prudent stewardship of its finances, technology, policies and people. As well, the organization is aware of its obligation to the larger Manitoba community, partnering every year with a variety of organizations on safety and health initiatives to make a positive contribution to the province.



Building Financial Strength

In 2010, the WCB's financial position improved significantly. The success of the WCB's prevention and return to health and work efforts in 2010 contributed to the announcement of a reduction of the average assessment rate from \$1.60 to \$1.50 for 2011. This was due in large part to a significant reduction in costs resulting from fewer injuries and lower duration for those injuries that did occur. Ongoing commitment to the goals of preventing injuries and returning injured workers to safe and meaningful work in a timely manner continues to be an advantage for workers, employers and the WCB.

Due to reduced claim costs and positive investment returns of 9.1 per cent (10.8 per cent in 2009), the WCB's reserves increased \$90 million - an outcome that exceeded financial plans. At the end of 2010, the WCB reached a funded position of 124.4 per cent.

The WCB readied itself to adopt International Financial Reporting Standards (IFRS). A WCB project team facilitated the transition throughout 2010 and will commence IFRS reporting in 2011 as required by The Canadian Accounting Standards Board.

Community Leadership

The WCB is committed to being a valued member of the community by partnering with and supporting organizations and initiatives such as the Information and Communication Technologies Association of Manitoba, the United Way of Winnipeg, the Canadian Museum for Human Rights, and the SAFE Roads partnership.

The WCB is a proud sponsor of the Manitoba Aboriginal Youth Achievement Awards, in addition to being a long term supporter of the Aboriginal Business Education Program at the University of Manitoba. As well, the WCB has a partnership agreement with Connect Employment Services, an organization that provides job opportunities for persons with intellectual disabilities.

In 2010, the WCB was honored to receive a Champion award from the Inter-Provincial Association on Native Employment (IANE) recognizing its commitment to diversity and aboriginal inclusion in the workforce. The WCB continued to build its diverse workforce by providing internship and work experience opportunities and hiring candidates throughout the organization in full-time and summer positions.

Strength Through People

The WCB developed a new promotional campaign, *WCB Does*, for the purposes of recruitment and employee engagement. *WCB Does* is a positive and affirmative statement about the WCB's value proposition to prospective and existing employees.

The organization also completed a Succession Plan to identify key positions in the organization and ensure business continuity in the future. The WCB's new Performance and Development System was rolled out to provide consistency in employee management.

In keeping with the WCB's commitment to diversity, the organization re-surveyed staff in late 2010 to update its employment equity information.

Achieving Operational Excellence

In 2010, the WCB's continued reliance on project management and business process renewal methodologies to manage projects resulted in the smooth implementation of systems and improved performance outcomes on key corporate performance measures. The organization also implemented a new financial system complete with enhanced accounts receivable functionality. This feature will support the WCB's plans for future improvements to our employer account system.

Also in 2010, the Manitoba Ombudsman conducted an Access Practices Assessment of the WCB under the *Freedom of Information and Protection of Privacy Act (FIPPA)*. The WCB received special recognition for its exemplary performance in responding to public requests for information: achieving 100 per cent in each category that was assessed.

Whistleblower Legislation

In compliance with *The Public Interest Disclosure (Whistleblower Protection) Act*, the WCB has whistleblower disclosure procedures in place. There were no disclosures reported in 2010.





Financial Report

Management's Responsibility for Financial Information

The consolidated financial statements of the WCB were prepared by management, which is responsible for the integrity and fairness of the data presented, including significant accounting judgments and estimates. This responsibility includes selecting appropriate accounting principles consistent with generally accepted accounting principles in Canada. Financial information contained elsewhere in this annual report conforms to these financial statements.

Management believes the system of internal controls, review procedures and established policies provide reasonable assurance that relevant and reliable financial information is produced and that assets are properly safeguarded. Management also believes that the WCB's operations are conducted in conformity with the law and with a high standard of business conduct. The internal auditor performs periodic audits designed to test the adequacy and consistency of the WCB's internal controls.

The Board of Directors is responsible for overseeing management in the performance of its financial reporting responsibilities and approved the financial statements and other financial information included in this annual report on March 17, 2011.

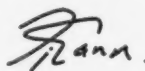
The Audit Committee assists the Board of Directors in its responsibilities. This Committee reviews and recommends approval of the consolidated financial statements and annual report. Internal and external auditors and actuaries have unlimited access to the Audit Committee. The Committee reviews the financial statements and the other contents of the annual report with management and the external auditors, and reports to the Board of Directors prior to their approval for publication.

The Chief Actuary of the WCB completed an actuarial valuation of the benefit liabilities included in the financial statements of the WCB and reported thereon in accordance with accepted actuarial practices. The firm of Eckler Ltd. has been appointed as a peer reviewer to the WCB. The Chief Actuary's opinion on the valuation of the benefit liabilities is provided on page 31. Eckler Ltd.'s actuarial review is provided on page 32.

Grant Thornton LLP, independent auditors appointed as a sub-agent to the Provincial Auditor General, has performed an independent audit of the consolidated financial statements of the WCB in accordance with Canadian generally accepted auditing standards. Their Auditors' Report, on page 33, outlines the scope of this independent audit and includes their opinion expressed on the 2010 consolidated financial statements.



Doug Sexsmith
President and CEO



Lorena B. Trann, CMA, FCMA
Chief Financial Officer

March 17, 2011

2010 Management Discussion and Analysis

As an integral part of the annual report, the management discussion and analysis provides further insights into the operations and financial position of the WCB and should be read in conjunction with the consolidated financial statements and supporting notes.

In 2010, the WCB improved its financial position considerably. Reductions in the cost of claims and positive investment returns were the basis for a total comprehensive income result of \$90 million (\$79 million better than budget).

Investment returns were 9.1 per cent, recorded as investment income of \$58 million and other comprehensive income of \$26 million. The resulting overall return of \$84 million was \$20 million better than budget. Premium revenues of \$250 million were on budget.

The 2010 cost of claims of \$182 million was \$57 million under budget and \$17 million less than 2009 costs. Reductions in the number of new injury claims – and the cost and duration of claims – were experienced in 2010. These results were influenced by successful prevention efforts and a continued focus by employers and workers to help ensure workers return to health and meaningful work as soon as they can safely do so.

In total, the WCB's reserves increased from \$141 million to \$231 million, permitting the WCB to make significant headway toward the goal of building reserves to the target level (calculated at \$306 million for 2010). The WCB is fully funded with a funding ratio of 124.4 per cent.

Revenue

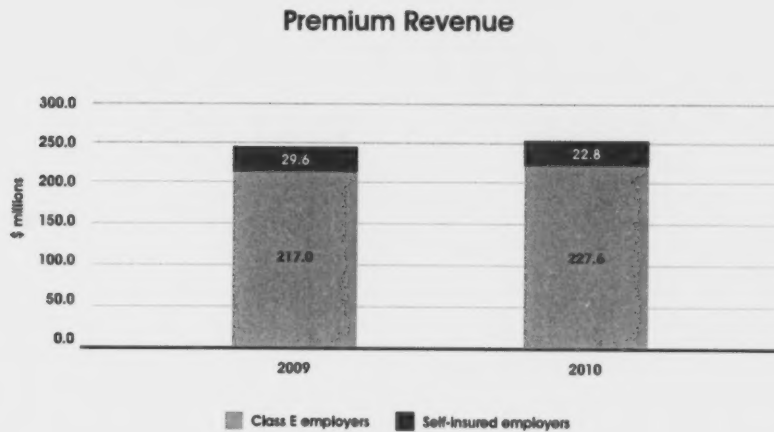
The WCB's revenue is derived from two sources: premium revenue and investment income.

Premium Revenue

Premium revenue is the largest revenue stream for the WCB. Premium revenue was \$250 million in 2010 (\$247 million in 2009), versus the budget of \$251 million. The final average assessment rate per \$100 of assessable payroll was \$1.61, \$0.01 over the budgeted average assessment rate of \$1.60. Premiums are derived from Class E and self-insured employers:

- 2010 Class E employers' premiums were \$228 million (\$217.0 million in 2009), an increase of five per cent.
- 2010 self-insured employers' premiums, which are calculated based on claim costs incurred, were \$23 million (\$30 million in 2009), a 23 per cent decrease due to more favourable claims experience in 2010.

The chart below shows the components of 2010's premium revenue:



Investment Income

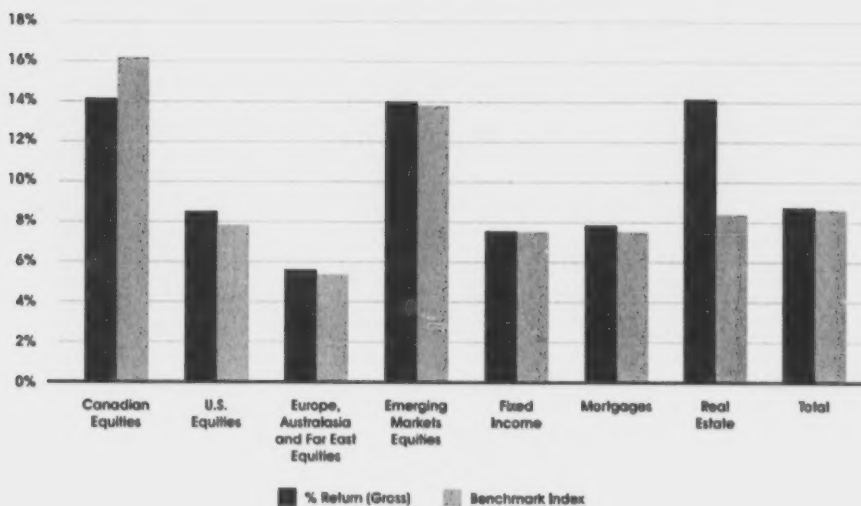
In 2010, the WCB experienced an investment income of \$58 million from its investment portfolio (compared to investment loss of \$6 million in 2009). Investment income was budgeted at \$53 million for 2010. The income/loss for the two years can be segmented as follows:

- interest and dividend income of \$29 million in 2010 (\$29 million in 2009)
- realized gains and real estate fair value increases totalling \$29 million in 2010 (\$35 million of realized losses and real estate fair value decreases in 2009).

The investment portfolio is comprised of a variety of asset classes as set by policy. At December 31, 2010, the portfolio had a market value of \$1 billion (\$973 million at the end of 2009) and an asset mix of 57 per cent equities and 43 per cent fixed income (61 per cent equities and 39 per cent fixed income in 2009).

The WCB has engaged a number of professional investment managers. Each of these managers has a mandate as well as a benchmark rate of return to achieve. The gross returns before expenses by manager mandate and a comparison of this result to the benchmark returns are displayed in the following chart:

2010 Returns by Manager Mandate



The investment portfolio's gross rate of return was 9.1 per cent in 2010 (benchmark 9.0 per cent) and 10.8 per cent in 2009 (benchmark 13.2 per cent).

Claim Costs Incurred

Claim costs incurred are an estimate of the full costs for compensable injuries that occurred in 2010, together with adjustments to prior years' estimates. The estimates take into account claims that are in pay, reported but as yet unpaid claims, and unreported claims.

Claim costs incurred decreased \$17 million (9 per cent) to \$182 million in 2010.

A significant reduction in claim costs incurred were experienced in long term disability as a result of continued focus on return to health and work.

	Short Term Disability	Long Term Disability	Survivor Benefits	Healthcare Benefits	Rehabilitation Services	Total
(in millions of dollars)						
2010	38.3	52.0	16.6	75.3	(0.6)	181.6
2009	57.4	56.8	13.0	70.8	0.8	198.8
(Decrease) increase	(19.1)	(4.8)	3.6	4.5	(1.4)	(17.2)

Benefit Liabilities

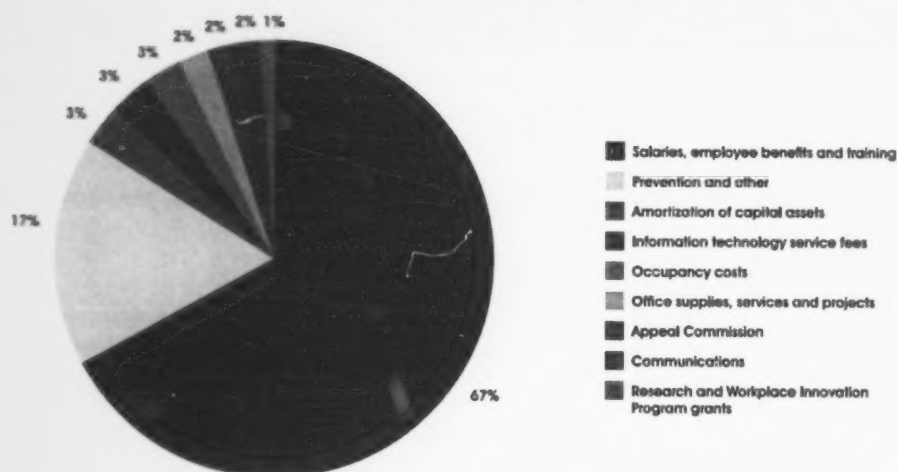
The benefit liabilities decreased \$4 million (.5 per cent) in 2010. The improved claims experience, discussed in the previous section titled *Claim Costs Incurred*, influenced this positive outcome.

	Short Term Disability	Long Term Disability	Survivor Benefits	Healthcare Benefits	Rehabilitation Services	Total
(in millions of dollars)						
2010	123.7	387.9	153.0	221.6	23.3	909.5
2009	144.1	390.0	151.2	201.4	26.3	913.0
(Decrease) increase	(20.4)	(2.1)	1.8	20.2	(3.0)	(3.5)

Operating Expenses

Operating expenses in 2010 were \$62 million compared to a budget of \$64 million. Operating expenses increased \$2 million from 2009 driven by employee salary costs and benefits, Research and Workplace Innovation Program grants and funding for the Workplace Safety and Health Division.

Components of 2010 Operating Expenses



Operating Income

The operating income of \$64 million increased the accident fund reserve to \$166 million.

Other Comprehensive Income and Total Comprehensive Income

The other comprehensive income for 2010 was \$26 million, resulting in an accumulated other comprehensive income of \$65 million as at December 31, 2010 (\$39 million in 2009).

The total comprehensive income for the year was \$90 million, versus the budget of \$11 million.

Balance Sheet

The 2010 funding ratio (ratio of total assets to total liabilities) was 124.4 per cent (114.9 per cent in 2009). This ratio is one measure of the financial strength of the WCB, as any amount over 100 per cent indicates the WCB is fully funded.

Total reserves (accident fund reserve and accumulated other comprehensive income) were \$231 million (\$141 million in 2009), which was below the target balance of \$306 million set by the WCB's Funding Policy. The 2011 – 2015 Five Year Plan financials forecast reserve growth that will enable the WCB to move closer to the target balance.

International Financial Reporting Standards

The Canadian Accounting Standards Board announced in February 2008 that full implementation of International Financial Reporting Standards (IFRS) will be required for publicly accountable enterprises for fiscal years beginning on or after January 1, 2011. This will require the collection of comparative information for the year beginning January 1, 2010. The WCB has prepared for IFRS in the following ways:

Implementation Project

A project team is in place to facilitate the transition to IFRS compliant financial statements. IFRS expertise has been developed by training key project personnel.

Financial Statement Preparation

The WCB analyzed and evaluated the impact of adopting IFRS accounting and reporting standards. Areas impacted include: capital assets, financial instruments, investment properties, employee benefits, and benefit liabilities.

Accounting position papers, including estimates of the impacts of the change in accounting policy, were prepared and adopted and the WCB determined appropriate optional elections for first time adoption of IFRS. The estimated financial impact of implementing IFRS is a \$13 million reduction to the WCB's reserves in 2010.

Ongoing Change

Complicating the transition to IFRS effective January 1, 2011, is the continuing work of the International Accounting Standards Board. Two important projects, Insurance Contracts and Post-Employment Benefits are in the exposure draft stage. The projects are expected to be completed in 2011, with a likely mandatory effective date of 2013 (with the option to adopt these standards earlier). The WCB will carefully monitor developments in order to take appropriate action in the future.

Actuarial Opinion

with respect to Future Benefit Liabilities of the Workers Compensation Board of Manitoba
based on an actuarial valuation as at December 31, 2010

I have completed an actuarial valuation as at December 31, 2010, of the benefit liabilities for insured and self-insured employers under *The Workers Compensation Act* of Manitoba as amended to the valuation date. The purpose of this valuation was to estimate the liabilities of the WCB with respect to injuries that occurred on or before the valuation date for inclusion in the 2010 financial statements.

My estimate of the liabilities as at December 31, 2010, is \$909.5 million. This includes provisions for claims arising from specific long latent occupational diseases and for the future cost of administering claims.

I reviewed the data and have performed tests to confirm their reasonableness and consistency with that used in the prior valuation. In my opinion, the data are sufficient and reliable for the purpose of the valuation.

The assumptions used are consistent with those of the prior valuation. The discount rates used are 6.0 per cent for non-indexed benefits, 3.0 per cent for inflation linked benefits, and 2.0 per cent for wage linked benefits and are unchanged from the previous valuation. The discount rate for healthcare benefits is unchanged at -0.5 per cent. The mortality assumption for disability and survivor benefits is the Manitoba Life Table 2000-02 which is the same as was used in the prior valuation.

The assumptions and methods used in the valuation, as described in my report, are based on the current practices and administrative procedures of the WCB and on historical claims experience. In my opinion, the assumptions used are, in aggregate, appropriate for the purpose of the valuation and the methods employed are appropriate for the purpose of the valuation.

The report on which this opinion is based has been prepared, and my opinion given, in accordance with accepted actuarial practice in Canada.

Respectfully submitted,



Michael Williams, F.S.A., F.C.I.A.
Chief Actuary, WCB

February 28, 2011

Actuarial Review

with respect to the Valuation of the Future Benefit Liabilities of the Workers Compensation Board of Manitoba as at December 31, 2010

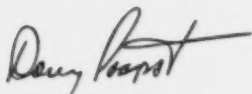
I have reviewed the actuarial valuation as at December 31, 2010, of the benefit liabilities for insured and self-insured employers under *The Workers Compensation Act* of Manitoba as amended to the valuation date. The valuation was performed by the Chief Actuary of the Workers Compensation Board of Manitoba. The purpose of the valuation was to estimate the liabilities of the WCB with respect to injuries that occurred on or before the valuation date for inclusion in the 2010 financial statements.

I have performed such tests of the data used, the assumptions made and the calculation models underlying the valuation as I considered necessary.

The valuation determined benefit liabilities as at December 31, 2010, to be \$909.5 million. This includes provisions for claims arising from specific long latent occupational diseases and for the future cost of administering claims. In my opinion, this amount constitutes an appropriate provision for benefit liabilities as at December 31, 2010.

My review has been conducted, and my opinion given, in accordance with accepted actuarial practice in Canada.

Respectfully submitted,
Eckler Ltd.



A. Douglas Poapst, F.S.A., F.C.I.A.

February 28, 2011



Eckler Ltd.

Independent Auditors' Report

To the Workers Compensation Board of Manitoba

We have audited the accompanying consolidated financial statements of the Workers Compensation Board of Manitoba, which comprise the consolidated balance sheet as at December 31, 2010, and the consolidated statements of operations and accident fund reserve, comprehensive income, changes in accumulated other comprehensive income and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Canadian generally accepted accounting principles, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

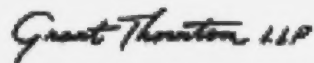
Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

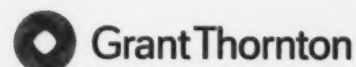
Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Workers Compensation Board of Manitoba as at December 31, 2010, and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.



Grant Thornton LLP
Chartered Accountants
Winnipeg, Manitoba

March 17, 2011



Consolidated Balance Sheet

December 31, 2010
(in thousands of dollars)

Assets

Cash
Receivables and other (Note 4)
Investment portfolio (Note 5)
Deferred assessments (Note 7)
Capital assets (Note 8)
Intangible assets (Note 9)

Liabilities and funded position

Payables and accrued liabilities (Note 10)
Benefit liabilities (Note 12)

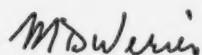
Total liabilities

Accident fund reserve
Accumulated other comprehensive income

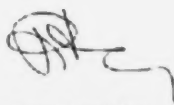
Funded position

2010	2009
\$ 8,491	\$ 401
37,886	36,292
1,055,412	972,601
64,528	68,813
8,449	8,347
4,269	4,185
\$ 1,179,035	\$ 1,090,639
\$ 38,250	\$ 36,418
909,531	913,006
947,781	949,424
165,983	101,919
65,271	39,296
231,254	141,215
\$ 1,179,035	\$ 1,090,639

Signed on behalf of the Board of Directors,



Michael D. Werier
Chairperson, Board of Directors



Ron Hambley
Audit Committee of the Board of Directors

The accompanying notes are an integral part of the consolidated financial statements.

Consolidated Statement of Operations and Accident Fund Reserve

Year Ended December 31, 2010
(in thousands of dollars)

	2010	2009
Revenue		
Premium revenue (Note 14)	\$ 250,356	\$ 246,626
Investment income (loss) (Note 5)	57,858	(6,232)
Total revenue	308,214	240,394
Expenses		
Claim costs incurred (Note 12)	181,624	198,807
Operating expenses (Note 15)	62,526	59,924
Total expenses	244,150	258,731
Operating surplus (loss)	64,064	(18,337)
Accident fund reserve at beginning of year	101,919	120,256
Accident fund reserve at end of year	\$ 165,983	\$ 101,919

The accompanying notes are an integral part of the consolidated financial statements.

Consolidated Statement of Comprehensive Income

Year Ended December 31, 2010
(in thousands of dollars)

	2010	2009
Operating surplus (loss)	\$ 64,064	\$ (18,337)
Other comprehensive income		
Unrealized gains on available-for-sale financial assets	43,995	67,327
Reclassification of realized (gains) losses to the Consolidated Statement of Operations and Accident Fund Reserve (Note 5)	(18,020)	30,642
Other comprehensive income	25,975	97,969
Total comprehensive income	\$ 90,039	\$ 79,632

Consolidated Statement of Changes in Accumulated Other Comprehensive Income (Loss)

Year Ended December 31, 2010
(in thousands of dollars)

	2010	2009
Accumulated other comprehensive income (loss)		
Balance at beginning of year	\$ 39,296	\$ (58,673)
Other comprehensive income	25,975	97,969
Balance at end of year	\$ 65,271	\$ 39,296

The accompanying notes are an integral part of the consolidated financial statements.

Consolidated Statement of Cash Flows

Year Ended December 31, 2010
(in thousands of dollars)

	2010	2009
Operating cash flows		
Premiums from employers	\$ 253,045	\$ 241,887
Investment income	33,847	31,883
Claim payments (Note 12)	(185,099)	(189,290)
Purchases of administration goods and services	(62,925)	(59,100)
Net cash provided by operating activities	38,868	25,380
Investing cash flows		
Purchases of investments, net of sales (Note 5)	(28,496)	(23,623)
Capital asset acquisitions, net of disposals	(2,282)	(2,459)
Net cash used by investing activities	(30,778)	(26,082)
Net increase (decrease) in cash	8,090	(702)
Cash at beginning of year	401	1,103
Cash at end of year	\$ 8,491	\$ 401

The accompanying notes are an integral part of the consolidated financial statements.

Notes to Consolidated Financial Statements

Year Ended December 31, 2010

(\$ amounts in thousands of dollars unless otherwise noted)

1. NATURE OF OPERATIONS

The Workers Compensation Board of Manitoba (the WCB) was created in 1917 under the authority of *The Workers Compensation Act* of Manitoba. In accordance with the provisions of the *Act*, the WCB is responsible for:

- prevention of workplace injuries and occupational diseases in conjunction with the Manitoba Government's Workplace Safety and Health Division
- administering payments to injured workers and suppliers of services to injured workers
- levying and collecting premiums from established classes of employers in amounts sufficient to cover the current and future costs of existing claims
- investing funds set aside for the future costs of claims as well as surplus funds.

An independent Workers Compensation Appeal Commission operates under the *Act* to make final rulings on any appeals pertaining to the WCB's assessment or benefits decisions.

The WCB's vision is *SAFE Work – A Way of Life*. The organization's mission is to promote safe and healthy workplaces, promote recovery and return to work, provide compassionate and supportive compensation services for workers and employers, and ensure responsible financial stewardship. The WCB compensates for lost wages, provides support and arranges for rehabilitative help, and has a responsibility to injured workers, their families and their employers to help injured workers return to health and meaningful work in a timely and safe manner.

The workers compensation system is funded through premiums collected from employers. The WCB does not receive government funding or assistance. Available funds are invested and are used to protect the WCB and its ratepayers from general business risks and catastrophic events in areas such as investment returns or extraordinary claim costs. To that end, an accident fund reserve attributable to Class E employers exists. A second reserve, accumulated other comprehensive income, shows the cumulative unrealized gains and losses arising from the investment portfolio.

The target balance for the reserves is based on a formula modified from the Minimum Contributing Capital and Surplus Requirements rules set out by the Office of the Superintendent of Financial Institutions, Canada. The calculation moves in tandem with changes in the size of the WCB's assets and liabilities, thereby calculating a reserve target that reduces risk to the organization. The target balance also includes a provision for the potential of new occupational diseases in the future and the expected impact of adopting International Financial Reporting Standards in 2011. The target balance for the reserves was \$305.6 million at the end of 2010 (\$297.6 million in 2009).

The WCB's Funding Policy is intended to ensure that fiduciary responsibilities are carried out in accordance with the *Act* and that annual influences do not unduly distort the funding process. The WCB is committed to operating on a fully funded basis to a level funding standard. Full funding requires that current employers pay for the current and future cost of existing compensable injuries and their administration, rather than future generations of employers paying for those injuries. Under level funding, the cost of claims with lengthy latency periods is funded in a level manner over the workers' periods of exposure to the elements that led to the injuries or diseases.

2. SIGNIFICANT ACCOUNTING POLICIES

These financial statements are prepared in accordance with Canadian generally accepted accounting principles. The WCB's significant accounting policies are as follows:

Change in Accounting Policies

The WCB has not adopted any new presentation and disclosure standards in 2010.

Measurement Uncertainty

These financial statements have been prepared in accordance with generally accepted accounting principles in Canada, which requires the WCB to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the reporting periods. Actual results could differ from these estimates.

Basis of Consolidation

These consolidated financial statements include the accounts of the WCB and its wholly owned real estate investment subsidiary. Intercompany balances and transactions are eliminated on consolidation.

Cash

Cash includes cash on hand and balances with banks, net of any outstanding cheques. Cash and short term investments held by investment managers and custodians for investment purposes are included in the investment portfolio.

Investments

Under the provisions of CICA 3855 Financial Instruments – Recognition and Measurement, the financial assets of the WCB's investment portfolio are designated as available for sale, and carried at fair value. Other than the real estate portfolio assets in WCB Realty Limited, a wholly owned subsidiary, gains and losses arising from the change in fair value that have occurred during the year are recorded in other comprehensive income until the investment is derecognized (sold). At that time, the cumulative gain or loss previously recognized in other comprehensive income is designated a realized gain or loss and reclassified to investment income in the Consolidated Statement of Operations and Accident Fund Reserve. Income from interest and dividends is recognized in the period earned. Investment income is presented net of investment expenses.

The WCB consolidates the real estate portfolio of WCB Realty Limited at fair value, in accordance with CICA Accounting Guideline 18 – Investment Companies. Changes in fair value that occurred during the year are recorded in investment income in the Consolidated Statement of Operations and Accident Fund Reserve.

Fair Value of Investments

Investments are stated at fair value, which is the amount of consideration that would be agreed upon in an arm's length transaction between knowledgeable, willing parties who are under no compulsion to act.

Publicly traded investments are stated at year end market prices as listed on the appropriate stock exchange, or as provided by the custodian from independent sources.

Pooled fund investments are valued at the most recent unit values supplied by the pooled fund administrator at year end.

The fair value of real estate investments is determined annually by management based on a combination of the most recent independent appraisals of the rental properties and market data available at year end, net of any liabilities against the properties.

Capital Assets

Capital assets are stated at cost less accumulated amortization. Capital assets are amortized on a straight line basis over their estimated useful lives, as follows:

Computer equipment	3 - 5 years
Furniture, fixtures and equipment	5 years
Building renovations and leasehold improvements	2 - 10 years
Building	40 years

Intangible Assets

Acquired intangible assets, primarily computer software, are valued at cost less accumulated amortization.

Internally generated intangible assets, primarily software and systems development, including professional fees incurred to implement these assets, are valued at cost less accumulated amortization.

Amortization is calculated on a straight-line basis over the estimated useful life, as follows:

Computer software	3 years
Internally generated systems development	10 years

Employee Future Benefits

The actuarial determination of the accrued benefit obligation for pensions and other retirement benefits uses the projected benefit method prorated on service. This method incorporates management's best estimates of salary escalation, investment rate of return, retirement ages of employees and other actuarial factors. Actual results could differ from these estimates as the assumptions are of a long term nature, consistent with the nature of employee future benefits.

Actuarial gains (losses) arise from the difference between the actual experience of the pension plan's assets and liabilities for a period and the assumed outcome for that period, or from changes in actuarial assumptions used to determine the accrued benefit obligation. If the cumulative net actuarial gain (loss) exceeds 10 per cent of the greater of plan assets or liabilities, the excess is amortized over the expected average remaining service life of active employees. Past service costs are amortized on a straight line basis over the remaining service life of active employees expected to receive benefits under the plan.

On January 1, 2000, the WCB adopted the new accounting standard on employee future benefits using the prospective application method. The WCB is amortizing the transitional asset (pension) and transitional liability (other) on a straight line basis over 15 years, which was the average remaining service life of active employees expected to receive benefits under the benefit plans as at January 1, 2000.

Benefit Liabilities

The WCB's Chief Actuary prepares a valuation of the benefit liabilities of the WCB at each year end. The benefit liabilities represent the actuarial present value of all future benefit payments expected to be made for claims or injuries which occurred in the current fiscal year or in any prior year. The benefit liabilities include provision for all benefits provided by current legislation, policies and/or administrative practices in respect of existing claims, plus provisions for the future expenses of administering the existing claims.

The benefit liabilities also include the estimated liability for long latent occupational diseases. Due to the nature of the estimated liability for long latent occupational diseases and the extent of related historical claims information available, this liability is more uncertain by its nature than other benefit liabilities. As information is accumulated and analyzed, adjustments may be necessary to improve precision.

Fair Value of Other Financial Assets and Liabilities

Other financial assets and liabilities consist of cash and cash equivalents, accounts receivable and accounts payable. The carrying value of these items approximates their fair value, consistent with the short term nature of these items.

Accumulated Other Comprehensive Income

The designation of the WCB's investment portfolio as available-for-sale requires the WCB to use accumulated other comprehensive income (AOCI). AOCI is comprised of the cumulative unrealized gains and losses arising from the investment portfolio that, in accordance with primary sources of generally accepted accounting principles, are recognized in other comprehensive income but excluded from the operating surplus.

Premium Revenue

The operations of the WCB are categorized, in accordance with the *Act*, into Class E (general employers pool) and several classes of self-insured employers.

General Employers Pool

Employers registered within Class E are subject to collective liability and premium revenue is estimated by applying applicable industry assessment rates to the employers' reported assessable payrolls for the current year. Any difference between the estimated premium revenue and the actual premium revenue is credited or charged to income in the year the determination is made.

Self-Insured Employers

Self-insured employers – principally government bodies and railways and their subsidiaries – are subject to individual responsibility for costs attributable to claims arising from their employees, as well as administration expenses incurred on behalf of self-insured employers. As such, premium revenue from self-insured employers is recognized as these costs are incurred. Current costs are collected as billed while future costs are recorded as a deferred receivable.

The Government of Canada and its agencies are self-insured based on the *Government Employees Compensations Act*. Under this *Act*, the administration of this program is delegated to the WCB which acts as agent of the Government of Canada for the payment of compensation to federal employees in this province.

Foreign Currency Translation

Transactions in foreign currency are converted to Canadian dollars at the exchange rate in effect at the time of the transaction. Assets and liabilities denominated in foreign currencies are translated into Canadian dollars at the exchange rates in effect at the balance sheet date. Unrealized foreign currency exchange gains and losses arising from the investment portfolio are recorded in other comprehensive income until the investment is derecognized (sold). At that time, the cumulative foreign currency exchange gain or loss previously recognized in other comprehensive income is designated a realized foreign currency exchange gain or loss and reclassified to investment income.

Future Accounting Policy Changes

In February 2008, the Accounting Standards Board of Canada confirmed that the changeover date for adoption of International Financial Reporting Standards (IFRS) will be January 1, 2011. The WCB has determined that it is required to adopt IFRS, and has identified key accounting policy choices.

3. LINES OF CREDIT

The WCB has established an operating line of credit with its principal banker in the amount of \$3.0 million. Advances on the line of credit bear interest at the bank's prime interest rate. The WCB has also established a revolving credit facility with the Province of Manitoba in the amount of \$40.0 million. Advances on the revolving credit facility bear interest at the Province's preferred lending rate. Both credit facilities are unsecured. Borrowings during the year amounted to \$30.8 million (\$100.3 million in 2009), comprised of \$10.8 million on the operating line of credit and \$20.0 million on the revolving credit facility (\$25.3 million and \$75.0 million, respectively, in 2009), and were repaid in full during the year.

4. RECEIVABLES AND OTHER

	2010	2009
Premiums – Class E employers	\$ 29,627	\$ 28,881
Allowance for doubtful accounts	(768)	(1,195)
	28,859	27,686
Current assessments – Self-insured employers	3,618	3,045
Sundry	1,903	1,931
Accrued pension benefit asset (Note 11)	3,506	3,630
	\$ 37,886	\$ 36,292

5. INVESTMENT PORTFOLIO

Fair Value of the Investment Portfolio

	2010	2009
Equities		
Canadian	\$ 170,437	\$ 196,434
Private placements	23,456	29,327
U.S.	149,704	127,800
Europe, Australasia and Far East	81,851	77,704
Emerging markets	31,870	27,961
	457,318	459,226
Cash and short term investments	27,326	26,682
Fixed income	426,233	353,523
Real estate (see table below)	144,535	133,170
Total	\$ 1,055,412	\$ 972,601

Real Estate Portfolio

The real estate portfolio can be further broken down as follows:

	2010	2009
Rental properties and other net assets	\$ 185,678	\$ 180,063
Mortgages payable	(41,143)	(46,893)
Real estate investments	\$ 144,535	\$ 133,170

Mortgages payable on rental properties bear interest at rates ranging from 3.5 per cent to 7.36 per cent per annum at variable and fixed rates, with maturity dates ranging from 2011 to 2033. Scheduled principal and interest payments for 2011 on these mortgages total \$8.7 million. The scheduled amounts of principal repayments in each of the next five years are as follows:

2011	\$	6,729
2012		1,120
2013		2,944
2014		10,838
2015		4,925
		<u>26,556</u>
Thereafter		<u>14,587</u>
Total	\$	<u>41,143</u>

Investment Income

Investment income was derived from the following sources:

	2010	2009
Canadian equities	\$ 4,593	\$ 5,162
Foreign equities	5,539	3,122
Cash and short term investments	204	119
Fixed income	16,960	17,055
Real estate (see table below)	16,890	3,017
Realized gains (losses) reclassified from other comprehensive income	18,020	(30,642)
Loan interest expense	(6)	(18)
Management expenses	(4,342)	(4,047)
Investment income (loss)	<u>\$ 57,858</u>	<u>(\$6,232)</u>

Real Estate Income

The real estate income can be further broken down as follows:

	2010	2009
Rental income, net of expenses	\$ 6,452	\$ 7,115
Appraisal gains (losses)	8,038	(4,120)
Realized gains from property sales	2,400	22
	<u>\$ 16,890</u>	<u>\$ 3,017</u>

Purchases of Investments, Net of Sales

Purchases of investments, net of sales can be further broken down as follows:

	2010	2009
Purchases of investments	\$ 1,373,022	\$ 826,823
Proceeds on disposal of investments	(1,344,526)	(803,200)
Net purchases of investments	<u>\$ 28,496</u>	<u>\$ 23,623</u>

Purchases and sales activities occur primarily within the fixed income portfolio and short term investments.

Fair Value of Investments

For financial instruments measured at fair value in the statement of operations and accident fund reserve, disclosure on the fair value hierarchy is required.

The three levels of the fair value hierarchy are:

Level 1 – Unadjusted prices quoted in active markets for identical assets

Level 2 – Inputs other than quoted prices that are observable for the asset either directly or indirectly

Level 3 – Inputs that are not based on observable market data.

The following table illustrates the classification of the WCB's financial assets within the fair value hierarchy as at December 31:

2010				
	Level 1	Level 2	Level 3	Total
Equities				
Canadian	\$170,437			\$170,437
Private placements			23,456	23,456
U.S.	149,704			149,704
Europe, Australasia and Far East	81,851			81,851
Emerging markets	31,870			31,870
	433,862		23,456	457,318
Cash and short term investments	27,326			27,326
Fixed income	321,663	104,570		426,233
Real estate		144,535		144,535
	782,851	249,105	23,456	1,055,412
2009				
	Level 1	Level 2	Level 3	Total
Equities				
Canadian	\$196,434			\$196,434
Private placements	1,220		\$28,107	29,327
U.S.	127,800			127,800
Europe, Australasia and Far East	77,704			77,704
Emerging markets	27,961			27,961
	431,119		28,107	459,226
Cash and short term investments	26,682			26,682
Fixed income	256,033	97,490		353,523
Real estate		133,170		133,170
	713,834	230,660	28,107	972,601

The following table reconciles the changes in the WCB's level three fair value measurements to December 31:

	2010	2009
Balance at January 1	\$ 28,107	\$ 28,591
Gain included in income	679	48
Loss included in other comprehensive income	(2,415)	(1,065)
Purchases	48	601
Sales	(2,963)	(68)
Transfers in (out)	-	-
Balance at December 31	\$ 23,456	\$ 28,107

Commitments

The WCB has contractual agreements to contribute further funding to a maximum of \$1.8 million (\$2.8 million in 2009) to specific investment projects to be financed from the existing portfolio or from available cash.

6. INVESTMENT RISK MANAGEMENT

In accordance with the Statement of Investment Policy and Objectives, the investment objective of the WCB is to generate a consistent, positive, real rate of return on invested assets. Recognizing the need to achieve a balance between risk and return, investment risk is managed through a portfolio that is diversified across a number of distinct asset classes, as well as geographic region and investment style.

The following sections describe the nature and extent of financial risk exposure and the related risk mitigation strategies.

Market Risk

The WCB invests in publicly and privately traded equities and fixed income instruments available on domestic and foreign exchanges. As these securities are affected by market changes and fluctuations, the WCB is exposed to market risk as a result of price changes due to economic fluctuations in capital markets.

The following table presents the effect of a material change in the key risk variable – the sector benchmark – for each of the equity mandates in the WCB investment portfolio:

Equities	2010		2009	
	5 year annualized		5 year annualized	
	+/- 1 standard deviation	+/- 2 standard deviation	+/- 1 standard deviation	+/- 2 standard deviation
% change in benchmark	19.3%	38.6%	18.8%	37.6%
Canadian	\$33.6 million	\$67.2 million	\$32.8 million	\$65.6 million
% change in benchmark	12.4%	24.8%	11.1%	22.2%
U.S.	\$20.1 million	\$40.2 million	\$16.5 million	\$33.1 million
% change in benchmark	17.6%	35.2%	16.1%	32.2%
Europe, Australasia and Far East	\$14.4 million	\$28.8 million	\$12.5 million	\$25.0 million
% change in benchmark	22.9%	45.8%	22.4%	44.8%
Emerging markets	\$7.3 million	\$14.6 million	\$6.3 million	\$12.5 million

Credit Risk Management

Credit exposure on fixed income securities arises from the possibility that the issuer of an instrument fails to meet its obligation to make interest payments and repay principal. To mitigate the risk of credit default, the minimum quality standard for individual bonds and debentures at time of purchase is BBB, as rated by an established bond rating service. To further mitigate this risk, bonds with a BBB rating are limited to a maximum of 15 per cent of the bond portfolio. The balance of the portfolio should be invested in bonds with a minimum rating of A or higher.

Of the fixed income assets in the investment portfolio, 93 per cent (93 per cent in 2009) have at least an A credit rating. The WCB does not anticipate that any borrowers will fail to meet their obligations.

Securities Lending

The WCB may lend, for fee income, any of its securities to third parties, provided the loans are secured by cash or readily marketable securities having a market value of at least 105 per cent of the market amount of the asset borrowed. As at December 31, 2010, these loans amounted to \$91.8 million (\$66.6 million in 2009).

Foreign Exchange Risk Management

The WCB has certain investments denominated in foreign currencies, which exposes the WCB to foreign currency risk. During 2010, the WCB did not undertake hedging strategies for the currency risk of foreign investments. While currency fluctuations influenced short term returns, these fluctuations are not expected to affect the long term position of the investment portfolio.

WCB has exposure to the U.S. dollar, with USD-denominated holdings of \$275.6 million CAD (\$254.7 million CAD in 2009) or 26.1 per cent of the portfolio (26.2 per cent in 2009).

The table below presents the effects of a material change in the Canadian/U.S. dollar exchange rates:

	CAD/USD	
	2010	2009
10% appreciation in the Canadian dollar	\$(25.1 million)	\$(23.2 million)

Interest Rate Risk Management

The WCB is exposed to interest rate risk to the extent that the fair value or future cash flows of a financial instrument fluctuate due to changes in market interest rates. These fluctuations are managed by actively controlling the duration of the fixed income portfolio. As at December 31, 2010, the duration of the WCB's bond portfolio was 7.8 years (5.8 years in 2009).

The following table shows the effects of a negative 50 and 100 basis point (where one basis point equals 1/100 of one per cent and 50 basis points equals 0.5 per cent) change in interest rates on the bond portfolio:

	2010		2009	
+/- basis point change	50 basis points	100 basis points	50 basis points	100 basis points
Bonds	\$12.7 million	\$25.4 million	\$8.1 million	\$16.2 million

7. DEFERRED ASSESSMENTS

Deferred assessments represent the WCB's estimate of the present value of premiums which will be received in the future from self-insured employers to fund the future costs of existing claims that have arisen from their employees. As such, the fair value for deferred assessments is not readily determinable. The deferred assessments may be secured by irrevocable letters of credit or other suitable forms of guarantee. The changes in deferred assessments were as follows:

	2010	2009
Balance at beginning of year	\$ 68,813	\$ 65,691
(Decrease) increase in future cost liability	(2,987)	939
(Decrease) increase in pension related transactions	(411)	2,058
Interest allocation	(887)	125
Net change in deferred assessments	(4,285)	3,122
Balance at end of year	\$ 64,528	\$ 68,813

8. CAPITAL ASSETS

	2010		2009	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
Computer equipment	\$ 6,937	\$ 5,871	\$ 6,397	\$ 5,213
Furniture, fixtures and equipment	2,347	2,141	2,317	2,057
Building renovations and leasehold improvements	4,658	3,305	4,479	3,124
Building and land	6,523	699	6,176	628
	20,465	12,016	19,369	11,022
Net book value	\$ 8,449		\$ 8,347	

There were no asset dispositions in 2010. In 2009, as a result of asset dispositions, costs of \$4.0 million for computer equipment and furniture, fixtures and equipment, and the offsetting accumulated depreciation were removed from the accounting records.

9. INTANGIBLE ASSETS

	2010		2009	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
Computer software	\$ 3,765	\$ 3,375	\$ 3,664	\$ 3,048
Systems development projects	13,162	9,283	12,076	8,507
	16,927	12,658	15,740	11,555
Net book value	\$ 4,269		\$ 4,185	

The aggregate amortization expense for 2010 was \$1.1 million (\$1.0 million in 2009).

10. PAYABLES AND ACCRUED LIABILITIES

	2010	2009
Accounts payable and accrued liabilities	\$ 6,775	\$ 6,157
Client annuity program	16,340	14,579
Research and Workplace Innovation Program	1,757	1,327
Deposits from self-insured employers	5,411	6,734
Employee vacation entitlements	3,074	3,123
Other payables	1,137	1,139
Sick leave plan (Note 11)	3,756	3,359
	<u>\$ 38,250</u>	<u>\$ 36,418</u>

11. EMPLOYEE FUTURE BENEFITS

The WCB has two employee benefit plans which provide pension and other future employment benefits to its employees. The cost of these employee benefit plans is recorded as an expense in the period in which employees' services are rendered.

The pension plan, which is funded by employee and employer contributions, is made up of the WCB Retirement Plan and the Supplementary Employee Retirement Plan. The WCB Retirement Plan is a defined benefit pension plan that provides indexed pensions (two-thirds of the Consumer Price Index for Canada) based on years of service and the best five consecutive years average earnings in the last 12 years of employment. The Supplementary Employee Retirement Plan provides that the employees of the WCB whose pension benefits exceed the maximum pension benefit permitted under the federal *Income Tax Act* will receive pension benefits based on their total pensionable earnings.

The WCB also has a defined benefit plan that provides for a payment of sick leave credits to employees that meet established criteria upon termination or retirement. Employees are not required to contribute to this plan.

Total cash payments for employee future benefits for 2010, consisting of cash contributed by the WCB to the funded pension plan and cash payments directly to beneficiaries for the unfunded sick leave plan, were \$3.2 million (\$2.9 million in 2009).

The WCB measures its accrued benefit obligations and the fair value of plan assets for accounting purposes as at December 31 of each year. The most recent actuarial valuation of the Retirement Plan for funding purposes, which was filed with the pension regulators, was as at December 31, 2007. The Retirement Plan showed a going concern surplus of \$0.9 million and a solvency surplus of \$3.0 million at the time of the 2007 valuation. The valuation as at December 31, 2010 must be filed with the regulators by September 30, 2011.

Information about the WCB's employee benefit plans for the year is as follows:

	Pension Plan		Sick Leave Plan	
	2010	2009	2010	2009
Benefits paid by the plan	\$ 2,820	\$ 2,800	\$ 312	\$ 211
Employer contributions	2,893	2,711	312	211
Employee contributions	2,202	2,065	-	-
Employee future benefit expense	3,017	2,871	710	604
Actual return on plan assets	10.5%	21.3%	-	-

Reconciliation of the benefit plans to amounts included in the financial statements:

	Pension Plan		Sick Leave Plan	
	2010	2009	2010	2009
Fair value of plan assets	\$ 102,461	\$ 90,338	-	-
Accrued benefit obligation	118,089	96,794	\$ 5,131	\$ 4,665
Plan deficit for accounting purposes	(15,628)	(6,456)	(5,131)	(4,665)
Balance of unamortized losses	19,134	10,086	1,375	1,306
Accrued benefit asset (liability)	\$ 3,506	\$ 3,630	\$ (3,756)	\$ (3,359)

The accrued benefit asset for the pension plan is included in receivables and other. The accrued benefit liability for the sick leave plan is included in payables and accrued liabilities.

The key actuarial assumptions used to value the employee future benefit liabilities for accounting purposes as at December 31 are as follows:

	Pension Plan		Sick Leave Plan	
	2010	2009	2010	2009
Discount rate	5.75%	6.50%	5.75%	6.50%
Expected long term rate of return on plan assets	6.75%	6.75%	-	-
Rate of compensation increase	3.75%	3.75%	2.25%	2.25%
Expected average remaining service life (in years)	13	14	13	14

The asset allocation for the pension plan as at December 31 is:

	2010	2009
Equity	66%	62%
Fixed income (including short term)	34%	38%

12. BENEFIT LIABILITIES

Benefit liabilities are determined in accordance with standards established by the Canadian Institute of Actuaries. The actuarial present value of future benefit payments reflects management's long term estimates of economic and actuarial assumptions and methods, which are based upon past experience and modified for current trends. As these assumptions may change over time to reflect underlying conditions, it is possible that such changes could cause a material change in the actuarial present value of the future payments. The fair value for benefit liabilities is not readily determinable.

The key actuarial assumptions used to value the benefit liabilities as at December 31 are as follows:

	2010	2009
Discount rate for non-indexed benefits	6.0%	6.0%
Discount rate for CPI-indexed benefits	3.0%	3.0%
Discount rate for wage-indexed benefits	2.0%	2.0%
Discount rate for healthcare benefits	(0.5%)	(0.5%)

An analysis of the components of and changes in benefit liabilities is as follows:

	2010					2009
	Short Term Disability	Long Term Disability	Survivor Benefits	Healthcare Benefits	Rehabilitation Services	Total
Balance at beginning of year	\$ 144,120	\$ 389,982	\$ 151,165	\$ 201,450	\$ 26,289	\$ 913,006
Add: Claim costs incurred						
Current year	93,674	12,894	2,802	52,583	5,338	167,291
Prior years	(55,346)	39,100	13,790	22,681	(5,892)	14,333
	38,328	51,994	16,592	75,264	(554)	181,624
Less: Claim payments made						
Current year	27,301	472	247	19,875	120	48,015
Prior years	31,412	53,631	14,544	35,210	2,287	137,084
	58,713	54,103	14,791	55,085	2,407	185,099
Balance at end of year	\$ 123,735	\$ 387,873	\$ 152,966	\$ 221,629	\$ 23,328	\$ 913,006

The liability for short term disability claims is an estimate of future wage loss payments for claims that have yet to medically plateau or stabilize. The long term disability liability includes estimated future wage loss payments for those claims that have medically plateaued and stabilized, estimated future pension payments, and estimated future cost of claims relating to certain long latent occupational diseases. The liability for survivor benefits is composed of estimated future pension payments and other services provided to survivors of those who have lost their lives as a result of workplace injuries or illnesses. Healthcare liabilities are the estimated future medical costs for existing claims. The liability for rehabilitation services is composed of the estimated cost of future rehabilitation services which are externally supplied to the WCB.

Included in the benefit liabilities balance is \$41.5 million (\$41.4 million in 2009) for the long latent occupational disease liability and \$63.6 million (\$62.0 million in 2009) for the future cost of administering existing claims.

13. BENEFIT LIABILITIES FOR SELF-INSURED EMPLOYERS

Note 12 contains a complete description of the components of the benefit liabilities for all employers. An analysis of the portion relating to self-insured employers is as follows:

	2010					2009	
	Short Term Disability	Long Term Disability	Survivor Benefits	Healthcare Benefits	Rehabilitation Services	Total	Total
Balance at beginning of year	\$ 16,816	\$ 43,630	\$ 26,903	\$ 32,783	\$ 2,213	\$ 122,345	\$ 122,357
Add: Claim costs incurred							
Current year	8,867	2,546	232	6,568	539	18,752	20,576
Prior years	(3,017)	3,204	3,225	(842)	(452)	2,118	3,476
	<u>5,850</u>	<u>5,750</u>	<u>3,457</u>	<u>5,726</u>	<u>87</u>	<u>20,870</u>	<u>24,052</u>
Less: Claim payments made							
Current year	3,604	74	-	2,218	11	5,907	5,782
Prior years	4,475	5,118	3,762	5,416	291	19,062	18,282
	<u>8,079</u>	<u>5,192</u>	<u>3,762</u>	<u>7,634</u>	<u>302</u>	<u>24,969</u>	<u>24,064</u>
Balance at end of year	<u>\$ 14,587</u>	<u>\$ 44,188</u>	<u>\$ 26,598</u>	<u>\$ 30,875</u>	<u>\$ 1,998</u>	<u>\$ 118,246</u>	<u>\$ 122,345</u>

Included in premiums and claim costs for self-insured employers are payments in the amount of \$3.6 million (\$3.8 million in 2009) made by self-insured employers directly to injured workers on the WCB's behalf. These amounts are reported to the WCB for inclusion in these financial statements.

Included in the benefit liabilities balance is \$12.1 million (\$12.0 million in 2009) for self-insured employers' share of the long latent occupational disease liability and \$8.1 million (\$8.0 million in 2009) for the future cost of administering existing claims.

14. PREMIUM REVENUE

	2010	2009
Premiums – Class E employers	\$ 227,592	\$ 217,054
Assessments – Self-insured employers	27,049	26,450
(Decrease) increase in deferred assessments (Note 7)	(4,285)	3,122
Total premium revenue	<u>\$ 250,356</u>	<u>\$ 246,626</u>

15. OPERATING EXPENSES

	2010	2009
Salaries, employee benefits and training	\$ 41,602	\$ 40,880
Information technology service fees	1,631	1,475
Occupancy costs	1,915	2,006
Office supplies, services and projects	889	949
Communications	1,091	1,084
Professional fees	1,161	1,001
Donations	82	74
Amortization of capital assets	2,096	1,963
Appeal Commission	1,181	1,141
Research and Workplace Innovation Program grants	948	(439)
Recoveries from the Government of Canada	(1,002)	(818)
Prevention and other (Note 16)	10,932	10,608
Total operating expenses	<u>\$ 62,526</u>	<u>\$ 59,924</u>

Of the total operating expenses, \$4.8 million (\$4.4 million in 2009) was allocated to self-insured employers based on the current year's transaction volumes.

The WCB administers the *Government Employees Compensation Act* program for the Government of Canada. The operation of this program is reflected only to the extent of the recoveries of operating expenses.

16. RELATED PARTY TRANSACTIONS

Pursuant to *The Workplace Safety and Health Act* of Manitoba, the Province may pay the expenses incurred in the administration of that Act out of the consolidated fund and may, subsequently, recover such portion as it may determine from the WCB under *The Workers Compensation Act* of Manitoba. For 2010, the amount charged to operations under this provision was \$8.7 million (\$8.3 million in 2009).

Also, under Section 84.(1) of *The Workers Compensation Act* of Manitoba, the Province may pay the costs incurred in respect of worker advisors and may recover them from the WCB. For 2010, the amount charged to operations under this provision was \$0.7 million (\$0.8 million in 2009).

In addition to the legislated obligations referred to above, included in these financial statements are amounts resulting from routine operating transactions conducted at prevailing market prices with various provincial government controlled ministries, agencies and Crown corporations with which the WCB may be considered related. This includes the provision of assistance, in the form of medical opinions and appeal services, for the Province of Manitoba relating to criminal injury claims. The provincial government is also a self-insured employer under *The Workers Compensation Act* of Manitoba. Account balances resulting from these transactions are included in these financial statements and are settled on normal trade terms.

Included in the WCB's investment portfolio as at December 31, 2010 are guaranteed debentures issued by the Province of Manitoba in the amount of \$0.9 million (\$0.9 million in 2009).

17. COMMITMENTS

The WCB has signed operating leases for office premises and office equipment expiring at various times until December 31, 2015. The minimum lease obligations over the next five years are:

2011	2012	2013	2014	2015	Total
\$745	\$696	\$549	\$355	\$234	\$2,579

The WCB has begun a capital project to repair the exterior cladding on its office building located at 333 Broadway. The estimated cost of the project is \$15 million.

18. CONTINGENCIES

The WCB is party to various claims and lawsuits related to the normal course of business that are currently being contested. In the opinion of management, the outcome of such claims and lawsuits are not determinable. However, based on the total amount of all such actions, WCB has concluded that their outcomes, either individually or in aggregate, will not have a material effect on the results of operations or financial position.

19. AUDITOR INDEPENDENCE

Grant Thornton LLP did not provide non-audit services to the WCB in 2010. In 2009, \$3 of non-audit services were provided.





Statistics and Measures

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In addition to the statistical information provided in this annual report, a *Manitoba Workplace Injury and Illness Statistics Report* is published annually. This document is a joint publication of the WCB and the Manitoba Government's Workplace Safety and Health Division. To obtain a copy of the report, please call 954-4760, toll-free 1-800-362-3340 or visit wcb.mb.ca.

Introduction

The WCB is committed to organizational goals built upon four themes: Prevention, Recovery, Service and Stewardship. Measures have been developed to gauge progress towards these goals.

These statistics and measures enable the WCB to analyze and report on its current performance and measure progress from previous years.

Prevention

Five Year Targets:

Reduce the time loss injury rate to 3.5 per 100 full time workers, in addition to reducing the number of serious injuries and traumatic fatalities.

Reduce the number of Manitobans who believe workplace injuries are inevitable to 30 per cent.

Injury Rate Trends, Accepted Claims and Fatalities

The WCB is committed to increasing prevention awareness and reducing the time loss injury rate in Manitoba. Through the efforts of the WCB and its partners in prevention over the past several years, the injury rate is an estimated 3.3, more than achieving the WCB's target injury rate of 3.5. The WCB has established a new target of 3.0 in the next five years.

In addition to monitoring the time loss injury rate, the WCB also measures workplace safety attitudes in the province. Surveys indicate that 65 per cent (60 per cent in 2009) of Manitobans believe that workplace injuries are inevitable. The WCB continues to look at opportunities to ensure Manitobans have safe and healthy workplaces.

	2006	2007	2008	2009	2010
Injury Rate					
Time loss injury rate	4.3	4.2	4.0	3.5	3.3*
Claims					
Time loss injury claims	17,142	17,265	17,109	15,508	15,039
No time loss injury claims	18,608	17,987	17,799	16,222	15,932
Total injury claims	35,750	35,252	34,908	31,730	30,971
Fatalities					
Fatalities	26	27	24	28	16

* The 2010 time loss injury rate is an estimate and will be confirmed in mid-2011.

Recovery

Five Year Targets:

Achieve an average of 8 out of 10 on injured worker satisfaction with return to work support.

Achieve an average claim duration of 37 days.

Return to Work

In 2010, the WCB continued to focus on return to work. The latest survey results indicate the WCB scored 7.0 out of 10 (7.3 out of 10 in 2009) when workers were asked how well the WCB supported them in their return to work and that 84 per cent (83 per cent in 2009) of workers returned to work after sustaining a time loss injury. The organization continues to provide many tools to assist employers, injured workers, healthcare practitioners and WCB staff with their disability management efforts.

Duration of Claims

Duration of claims measures the number of days that injured workers receive wage loss replacement. Many factors affect the duration of claims, including demographics and type of injury. Today's typical injured worker is older and about 60 per cent of all time loss injuries are musculoskeletal injuries. Duration decreased in 2010. As well, the WCB made progress on several projects that support effective return to health and meaningful work in 2010. Work in this area will continue in 2011.

The WCB is working toward the target of an average claim duration of 37 days and has almost achieved that goal. The organization continuously makes improvements to case management processes and the case management model, helping to enable injured workers to effectively return to health and meaningful work as soon as safely possible.

Average Days Paid for All Wage Loss Claims	2006	2007	2008	2009	2010
Claims from All Years	38.6	38.6	42.0	41.0	37.4

Service

Five Year Targets:

Achieve at least 80 per cent on the WCB service culture index.

Pay at least 70 per cent of injured workers within 14 days of injury.

Achieve at least 8 out of 10 in injured worker satisfaction.

Achieve at least 8 out of 10 in employer satisfaction.

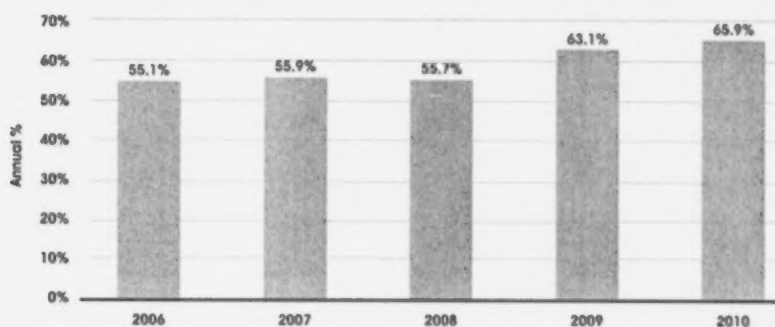
Achieve at least 95 per cent in quality of claim management.

Timely Payments to Injured Workers

The WCB is working toward reaching its goal of paying 70 per cent of injured workers within 14 days of injury.

In 2010, the WCB set a new record for providing service to injured workers, as 65.9 per cent of traumatic time loss claims were paid within 14 days.

Percentage of Claims Paid Within 14 Days of Injury Date

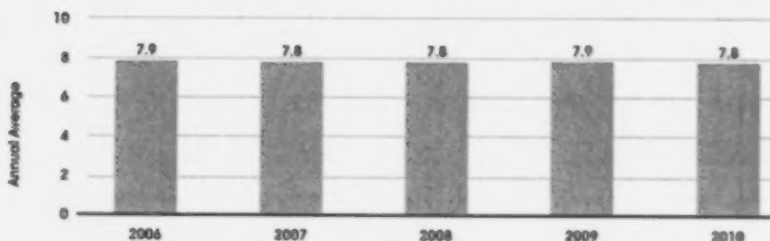


Customer Service Measures

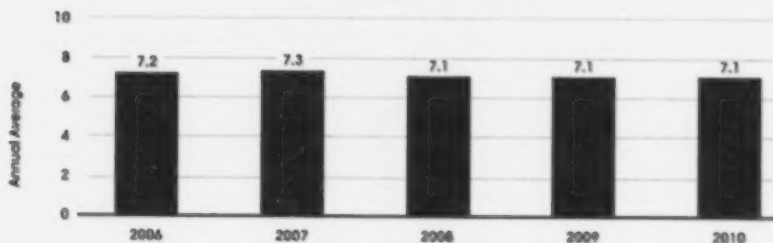
The WCB believes in providing service that is **fast, easy, caring, right** and **clear** and is proud of its strong service culture. The organization scored 73 per cent in 2009 and 72 per cent in 2008 on the WCB service culture index; with the next survey planned for early 2011. The service culture index is based on employee perceptions of the importance of customer service, as measured in the WCB employee opinion survey.

The organization strives to meet the evolving needs of all customers with a goal of achieving an 8 out of 10 rating. Results of the worker and employer customer satisfaction surveys are shown in the following charts.

Injured Worker Satisfaction



Employer Satisfaction

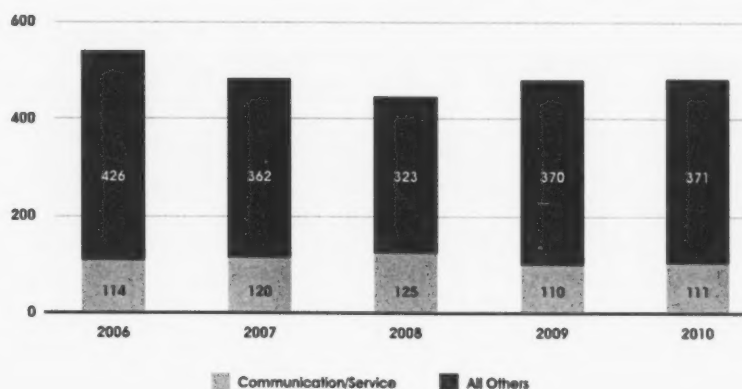


Quality Claim Management

The WCB aims to adjudicate claims accurately, fairly and transparently. In 2010, the organization met quality expectations on 80 per cent of claims (73 per cent in 2009).

The WCB also looks to referral activity from the Fair Practices Office and the Review Office to monitor progress. The organization is steadily improving claim management. The Fair Practices Office referrals have totaled fewer than 500 for the past four years. Review Office referrals were about 1,500 in 2010, consistent with the volumes of 2009. The percentage of adjudicative decisions confirmed by the Review Office was 69 per cent (75 per cent in 2009).

Fair Practices Issues Raised



Stewardship

Five Year Targets:

Build total reserves toward the funding policy target level.

Achieve an average of 80 per cent on WCB employee engagement measures.

Increase the number of Manitobans who believe the WCB makes a positive contribution to the province to 70 per cent.

Results in the key target areas are as follows:

- The WCB's reserve balance as at December 31, 2010 was \$231 million (December 31, 2009, \$141 million) versus the funding policy target level of \$306 million (December 31, 2009, \$298 million).
- A score of 75 per cent (71 per cent in 2008) was obtained on the employee engagement index in 2009 (no survey in 2010).
- 69 per cent (67 per cent in 2009) of Manitobans surveyed said they believe the WCB is making a positive contribution to the province.

The WCB is committed to managing its resources in a responsible manner, ensuring an affordable and financially strong compensation system is maintained for Manitoba workers and employers. Financial indicators provided in this report to illustrate resource management are as follows:

- employer assessments and average assessment rate
- investment results
- administration cost per time loss claim
- funding ratio.

Employer Assessments and Average Assessment Rate

Maintaining a competitive average assessment rate (per \$100 of payroll) is paramount when it comes to the WCB's fiduciary management. In 2010, Manitoba's average assessment rate continued to be one of the lowest when compared to other Canadian jurisdictions.

In keeping with the WCB's prevention and disability management mandates, employers' assessment rates reflect their claims experience record. Employers experiencing higher claim costs pay higher rates.

	2006	2007	2008	2009	2010
1. Assessments*					
Assessable payrolls (\$ millions)	10,455	11,290	12,483	13,394	13,946
Assessment revenue (\$ millions)	180	194	203	217	228
2. Employers					
Number of registered employers at December 31	26,044	26,730	28,479	29,970	30,762
New registrants in-year	2,355	2,949	3,813	3,747	3,093
3. Rates (per \$100 of Payroll)					
Average - actual	\$1.72	\$1.71	\$1.62	\$1.59	\$1.61
Lowest	\$0.15	\$0.15	\$0.14	\$0.14	\$0.14
Highest	\$41.95	\$42.27	\$30.27	\$35.57	\$32.94

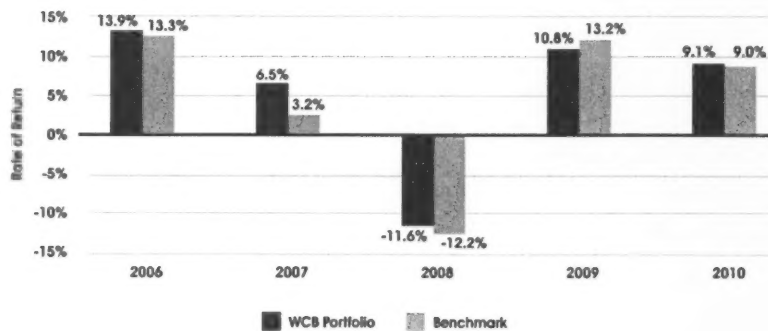
*Assessment revenue is a subset of premium revenue (see Note 14 in the *Notes to Consolidated Financial Statements* section).

Investment Results

Investment revenue is a significant revenue stream for the WCB. The investment portfolio is carefully managed by adhering to the WCB's Statement of Investment Policies and Objectives and by monitoring portfolio performance against appropriate benchmarks.

The following chart shows the gross investment rate of return and the benchmark rate of return. The gross return in 2010 of 9.1 per cent was slightly better than the benchmark rate. The WCB achieved actual returns that were better than benchmark in four of the past five years.

Investment Rate of Return, Gross

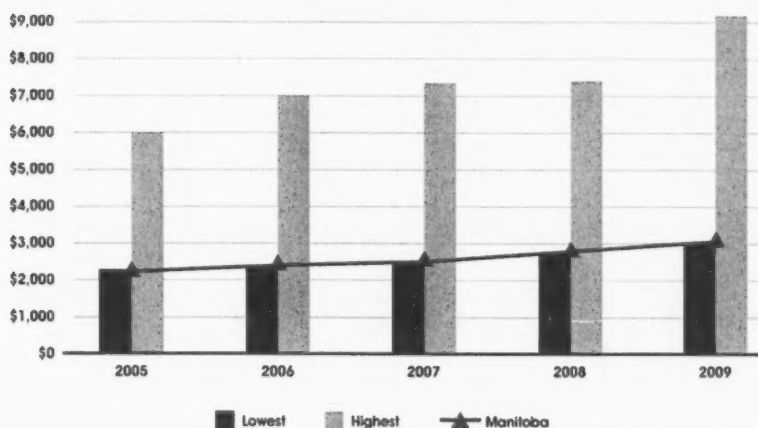


Administration Cost Per Time Loss Claim

The WCB's goal is to provide excellent customer service and quality compensation services in an efficient manner. One of the ways to measure this goal is the administration cost per time loss claim. Administration costs are a subset of operating expenses and are grouped consistently by all WCBs across Canada.

Manitoba has had one of the lowest administration cost per time loss claim across Canada for the five years shown below and expects to maintain this status for 2010 (data for 2010 is not available until mid-2011).

Administration Cost Per Time Loss Claim

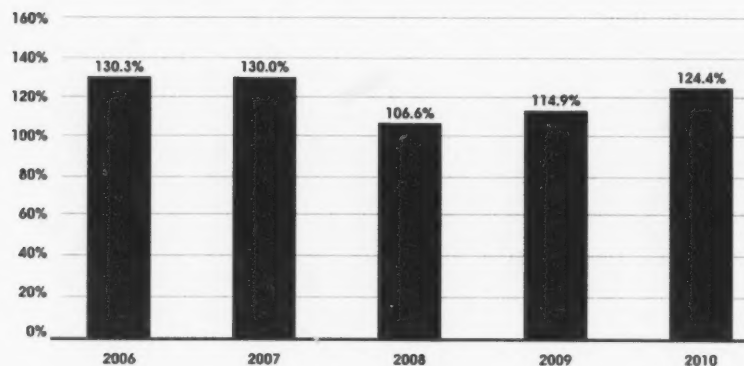


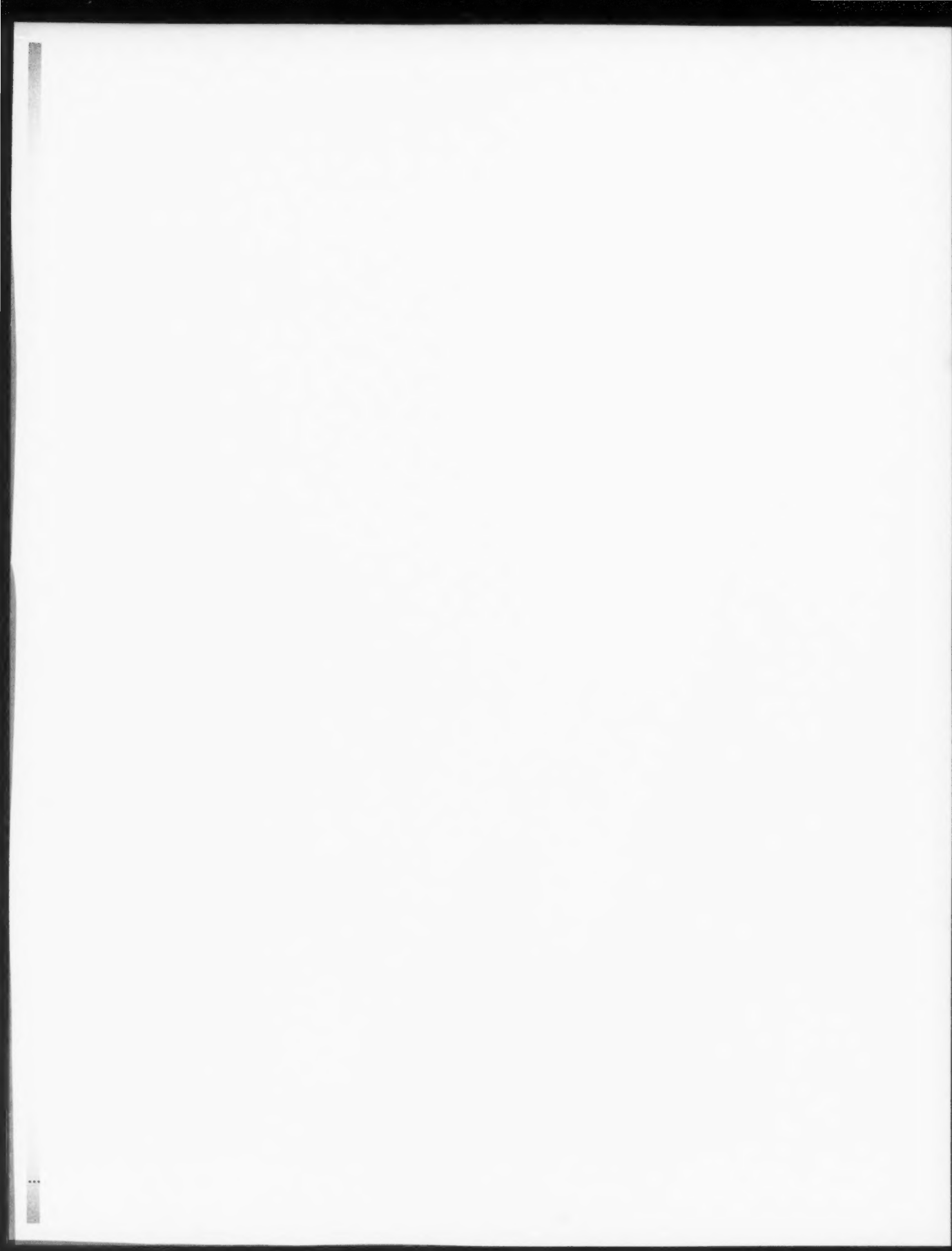
Reserves and Funding

The WCB's reserves protect the organization and its ratepayers from general business risks and catastrophic events affecting investment returns, premium revenue or injury claim costs. The reserve target assists the WCB in making future financial decisions as the financial impacts to ratepayers are balanced against the risk of the reserves not meeting the target value. Funding formulas provide the WCB with the optimum target balance for its reserves.

A measure of the financial strength of the WCB is the funding ratio (ratio of total assets to total liabilities). Any amount above 100 per cent indicates that the WCB is fully funded with a positive balance in its reserves. Values below 100 per cent signal that the WCB is in an unfunded position. Manitoba has been in a fully funded position since 1996, with a 2010 funding ratio of 124.4 per cent.

Funding Ratio





Workers Compensation Board of Manitoba

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